

Senator TYDINGS. Well, you stated that you are speaking on behalf of five companies.

Mr. HANNA. That is correct, sir.

Senator TYDINGS. Does your company deal in, or purchase, the second- and third-trust paper on these?

Mr. HANNA. No, sir; it does not. There is only one provision in the District of Columbia Code that would allow us to deal in such paper, which is commonly referred to as the basket clause under the insurance investment law, and I do not know of any company—in fact, they have assured me that they do not deal in purchases of this type of paper.

Senator TYDINGS. Do your portfolios primarily consist of mortgages for first trusts?

Mr. HANNA. First trusts, sir.

Senator TYDINGS. If we were to accept these more rigid provisions relating to second trusts, would that alleviate your fears?

Mr. HANNA. Well, you could make the more rigid provisions relating to second trusts, but then you would get into what perhaps might be considered a title problem, or you get into a position where you are foreclosing certain types of trusts in one manner, and foreclosing other types of trusts in another manner.

Senator TYDINGS. I think that your idea of notice is a good one. However, I am not entirely certain that a notice in the District of Columbia is automatically a notice to the individual. Also, I am not sure who you mean by the Commissioner of the District of Columbia, since the District does not have any Commissioners as such. But, would you mean to say a representative of the new Office of Consumer Protection?

Mr. HANNA. We have put the Commissioner in because we did not know whether the other bill would be passed, S. 2589. It could very well be an official of the Department of Consumer Protection.

Senator TYDINGS. Am I correct in understanding your fear in respect to the court hearing to be first all the time?

Mr. HANNA. Yes, sir.

Senator TYDINGS. Judges are not available for the court hearings. This, I think, is a point well taken. Also, the legal costs might be greater, although your trustee's fees should be sufficient to cover those. With respect to foreclosure costs, the only people who win are the counsel and the trustees.

Mr. HANNA. Right. There is a balancing there, Senator, I might say, that on your lower loans, lower amount loans, say \$3,000, the attorney—and I contacted the District of Columbia Bar Association, and they indicated that they did not have a set fee because they had never had any experience with this type of procedure before. They would probably charge by the hour, so on a \$3,000 loan, as against a \$20,000 loan, the attorney would perform the same work; however, the trustee's fee would decrease as you went into the lower amounts of loans; that is just a function of the percentage of the amount of the bid at the sale.

Senator TYDINGS. What would your reaction be if, rather than requiring a court hearing, the consumer or borrower be afforded the opportunity of a hearing before the Office of Consumer Protection? The Office would be empowered to make a finding, and if in the judg-